

**CERTIFICATE OF PROOF FOR CONTRACTOR'S ENTITLEMENT TO  
EXEMPTION FROM SALES AND USE TAX INCREASE**

Arkansas Code Annotated §26-52-427 exempts certain materials used in construction contracts from increase in state or local sales and use taxes for five (5) years from the effective date of the tax increase. Before the exemption may be claimed, the following conditions must be met:

1. There must be a written contract for the construction or substantial modification of a building or other improvement or structure affixed to real property.
2. The materials purchased must be used in a construction contract signed prior to the effective date of the tax increase.
3. The materials must be purchased within five (5) years of the effective date of the tax increase.
4. The materials must become a recognizable part of the completed structure or improvement to real property.
5. The invoice or other sales documents must state that the seller has received a signed copy of this certificate which is retained in the seller's records.
6. This exemption does not apply to cost plus contracts or to any other contract where the contractor has the right to pass any additional tax on to the principal as a part of the contractor's cost.

SELLER: \_\_\_\_\_

SELLER'S ADDRESS, INCLUDING CITY AND COUNTY: \_\_\_\_\_

\_\_\_\_\_

CONTRACTOR: \_\_\_\_\_

CONTRACTOR'S ADDRESS, INCLUDING CITY AND COUNTY: \_\_\_\_\_

\_\_\_\_\_

Tax increase: \_\_\_\_\_ State \_\_\_\_\_ City (\_\_\_\_\_) \_\_\_\_\_ County (\_\_\_\_\_)

Amount of increase: \_\_\_\_\_ % Effective date of increase: \_\_\_\_\_

Contract No. \_\_\_\_\_ Date of contract: \_\_\_\_\_ (must be prior to effective date of increase).

Contractor certifies to Seller that the materials purchased for this contract qualify for the exemption from the tax increase described above. Contractor understands that a false statement on this form is punishable as a Class A misdemeanor.

\_\_\_\_\_  
CONTRACTOR

DATE: \_\_\_\_\_

**NOTICE TO SELLER: In order to claim this exemption on your sales and use tax report, you must retain a copy of this certificate in your records along with the material sales invoice. Failure to maintain adequate records may result in your liability for the tax increase.**